



Steven L. Beshear  
Governor

Terry Holliday, Ph.D.  
Commissioner of Education

EDUCATION AND WORKFORCE DEVELOPMENT CABINET  
DEPARTMENT OF EDUCATION

Capital Plaza Tower • 500 Mero Street • Frankfort Kentucky 40601  
Phone: (502) 564-4770 • [www.education.ky.gov](http://www.education.ky.gov)

January 16, 2013

Honorable Steven L. Beshear, Governor  
Commonwealth of Kentucky  
State Capitol  
700 Capitol Avenue  
Frankfort, KY 40601

Dear Governor Beshear:

I am writing to convey the critical importance of passing legislation that would raise the dropout age in Kentucky from age 16 to 18. The impact of this legislation, however, becomes more than simply a matter of raising the dropout age; it is a key component of a comprehensive approach to improving the economy of Kentucky and the future of the children in the state.

The Kentucky General Assembly has consistently demonstrated a commitment to the future of our commonwealth and the future of our children. From the passage of the Kentucky Education Reform Act (KERA) in 1990 to Senate Bill 1 in 2009, this commitment to education and our children's future has been very apparent. In recent years, we have seen a focus on career and technical education, early childhood, K-3 interventions, technology, school safety, and innovation. Raising the dropout age from 16 to 18, while a very important step, is but one more part of a comprehensive strategy to positively impact our collective economy and our future in Kentucky.

The research is very clear concerning the impact of dropouts on a state's economy and the future of high school dropouts with regard to social and economic conditions. Attached is a brief explanation of the positive impacts on the economy should Kentucky be able to reduce the current number of dropouts. Developed by the Alliance for Excellence in Education, these figures reflect numerous other well-respected research studies. It must also be part of the conversation about the impact of education levels on employment opportunities. Research from Georgetown University predicts that by 2018, less than 10 percent of the jobs in Kentucky will require less than a high school diploma; however, on an annual basis, 20 percent of our graduates are not completing high school.

It is very clear that raising the dropout age is not an unfunded mandate, as some have suggested. Over the course of the next 20 years, the impact on the commonwealth's economy and the future of individual students will have an extremely positive impact on our economy if we are able to keep more students in school until they graduate.

Numerous arguments have been brought forward against raising the dropout age. These arguments are similar to the debate that has been conducted since our state and nation implemented compulsory attendance laws. The arguments focus on the single issue of raising the dropout age and fail to look at the systemic approach that Kentucky is taking with regard to college and career readiness for ALL students. Let's explore a few of these arguments.



- 1) *Raising the dropout age is an unfunded mandate.* – Currently, about 20 percent of a 9th-grade cohort of students do not complete high school within the expected four years. Some of these students graduate early, some take five years to graduate, and some drop out of high school. In previous years, much confusion has existed over the reported graduation rates and the dropout rates; however, in 2012-13, Kentucky implemented a cohort tracking system that will ensure more accurate data and reports. Current estimates show that 6,000 to 10,000 students of each cohort group do not graduate within the expected four years. If we were able to retain these students in school, then certainly we would need to have funding in the SEEK formula for these additional students.

If looking at a source for these additional funds, two have already been identified. The first would be to phase-in the dropout age with the kindergarten entrance age change that was passed in the 2012 legislative session. Moving the start date for kindergarten back to August 1 from October 1 will mean a drop of 15-20 percent in the numbers of kindergarten students, which translates to 7,000 to 10,000 students. This cohort group will then move through 12th grade and thus the schools could offset this loss in enrollment by raising the dropout age and ensuring more high school students reach graduation. This “trade off” in enrollment would also impact teaching assignments, space, and resources.

Another source of funding would be early graduation from high school. Currently, the commonwealth has a number of programs promoting early graduation from high school and each year, the General Assembly continues to propose additional legislation to allow for early graduation. It is estimated that 10 percent of a cohort group of students would take advantage of early graduation and matriculate to postsecondary opportunities. This means an estimated 5,000 students could opt to begin their postsecondary studies upon mastery of required high school competencies.

- 2) *Another issue relates to space in high schools.* – It is argued that increasing the number of 11th and 12th graders by raising the dropout age would mean high schools need space for 6,000 to 10,000 more students. In most high schools, the actual classroom utilization rate is currently at 80 percent, which would allow adding approximately 26 students on average to each school. Also, there are numbers of innovative methods that schools can utilize that would increase current space capacity without increasing the additional square footage. Among these innovative solutions are creative scheduling, competency-based education, virtual learning, community-based learning, career and technical apprenticeships and internships, and alternative programs.
- 3) *Opponents also state that schools do not have the necessary tools to address the needs of these students.* – This statement does not accurately reflect the tremendous progress that Kentucky schools have been making on reducing dropouts and increasing college/career-readiness and graduation rates. With recent legislative and executive actions, schools are very focused on college/career readiness, alternative programs, innovation, and career and technical education. All of these programs are very student centered to ensure that each student has an education plan and is engaged in taking responsibility for his/her learning. Students drop out because they do not see relevance in high school studies and they are bored with school. The exciting programs

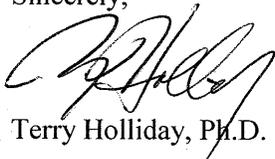
happening in Kentucky will work to lower dropout rates if we give them time. Some will say that if this is so, then we do not need to raise the dropout age. While this would be true in the perfect world, it is apparent that some schools and districts are not implementing student-centered strategies. When faced with a higher dropout age, high school staff will be forced to make adjustments and enact reform strategies. Without the increased dropout age, schools will continue to be adult-focused and avoid the tough issues of making school relevant for all. Also, it is clear that not every parent is engaged in his/her child's education and will leave the decision to drop out with the student. The state has a responsibility to protect these children and not allow them to make a decision that will have a negative impact on their future and the future of the economy in Kentucky.

- 4) *Another argument is that research shows raising the dropout age does not have an impact.* – This argument comes from observers who do a rudimentary comparison of dropout age with the high school graduation rate of the state. This simplistic comparison misses many of the factors that influence graduation rates such as poverty rates, parent levels of education, and historic trends and comparisons with states that have similar demographics. In their review of literature on compulsory school attendance, Whitehurst and Whitfield (2012) concluded that when the compulsory school age is raised to 18, a 2 percent increase in the graduation rate can be an associated result. Also, a key finding from legitimate research on this issue is that the comprehensive nature of the programs in a state when the dropout rate is changed makes a difference. One example can be found in New Hampshire where initially the state raised the dropout age and also provided a comprehensive system of support for students and educators. Kentucky has a comprehensive support system and strategies in place to support raising the dropout age. Twenty-one states currently have higher dropout ages than Kentucky and recently Maryland raised the dropout age even though the state already has a high graduation rate.
- 5) *Perhaps the most controversial issue raised by opponents is that these students will disrupt the learning environment.* – Most studies show that students drop out of high school because they see no relevance between high school and their future. Students drop out because they are bored and not engaged. Kentucky's comprehensive approach of college and career readiness, career and technical education, innovation, competency-based learning, alternative programs and technology-based alternatives will address the concerns about relevance and engagement. However, there will always be students who disrupt the learning environment. Our schools are well equipped to address behavior management issues whether a child is 6 or 18. Ultimately, the commonwealth's choice is very clear. We must decide whether we want to figure out how to help these students see the relevance of education and become more engaged and responsible for their education or turn them loose in their communities to face the reality of no jobs and a negative future.
- 6) *An interesting argument has been raised concerning the impact of raising the dropout age on the home-school community.* – The legislation that would raise the dropout age should not impact home-school requirements. Many excellent home schools exist in Kentucky and parents have every right to choose this option for their children. Home-schooled students would have an equal opportunity to enroll in postsecondary options when they are ready to do so. Students who have mastered the requirements for postsecondary education should not be bound by age. They should be able to enter postsecondary when they have the competencies to be successful.

- 7) *Related to the home-school argument is the challenge that raising the dropout age would infringe on parents' rights to decide if the 16-year-old is ready for college and/or the workforce.* – Again, Kentucky's efforts toward early graduation and competency-based education are focused on allowing students to move on to postsecondary work regardless of age. Raising the dropout age would not prevent students from graduating early and beginning postsecondary work. By allowing students to graduate early from high school, we would see a drop in enrollment at high schools that would, in turn, incentivize local districts to work on increasing enrollment through raising the dropout age. However, I do question the thought that students would be ready for work at age 16. I do not know of many job opportunities at age 16 that pay a living wage. Also, the unemployment rate of high school dropouts that are 16 to 18 is greater than 50 percent.
- 8) *Perhaps the most pressing argument against raising the dropout age is that this should be a local decision.* – Certainly, there are school districts that are ready to implement this change and others that would need additional time. While it is possible to phase-in the increase in the dropout age, the state will need a set time when all districts would comply. While most districts would work diligently to implement the Kentucky comprehensive strategies mentioned in this letter, there are those that will not implement the strategies without state requirements. For years, Kentucky has implemented state and national requirements for school districts – kindergarten entry age, dropout age, compulsory attendance, Individuals with Disabilities Act, Americans with Disabilities Act, School Nutrition Program, etc.

In summary, it is important to recognize that raising the dropout age should not be seen as an added cost for state and local budgets. It should be seen as an investment in the economic future of the commonwealth and the future of every child in Kentucky. The economic benefits of investing in early childhood education have proven to return at least \$7 for every \$1 invested. It is time for us to make a similar investment in 16 to 18-year-olds in Kentucky that will provide a similar return. Throughout this letter, I have shown how to offset costs, solve facility needs, staff needs, behavior issues, local control issues and numerous other arguments against raising the dropout age. It is time for decision makers to come together and ensure a brighter future for Kentucky and its citizens.

Sincerely,



Terry Holliday, Ph.D.

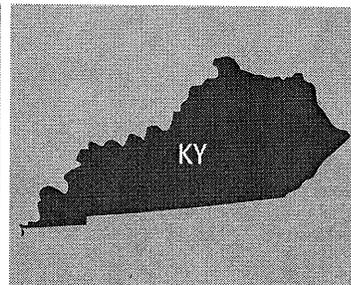
cc: Mary Lassiter

Attachment: Education and the Economy: Boosting Kentucky's Economy by Improving High School Graduation Rates

TH:mam

# Education and the Economy:

## Boosting Kentucky's Economy by Improving High School Graduation Rates



March 2011

Building on its previous work examining education and the economy, the Alliance for Excellent Education (the Alliance), with generous support from State Farm®, analyzed the economies of all fifty states and the District of Columbia to determine the economic benefits that states could see by improving high school graduation rates. Using a sophisticated economic model developed by Economic Modeling Specialists Inc., an economics firm specializing in socioeconomic impact tools, the Alliance calculated economic projections for each state. The findings presented in this document clearly demonstrate that the best economic stimulus package is a high school diploma.

The recent economic downturn gripping the nation has been incredibly far reaching and hard hitting. It has forced individuals and governments alike to look differently at the status quo, especially spending priorities and short- and long-term budget plans. As states struggle to maintain financial solvency, they are increasingly looking for creative economic improvement strategies and deficit-cutting tools.

Addressing the high school dropout crisis is a key strategy for economic growth. Years of research repeatedly highlights the link between education and the economy. Indeed, raising educational outcomes not only boosts incomes for individuals who earn degrees, but these individual gains also compound to improve local, state, and national economies.

In a time of shrinking state revenues and in the wake of a national economic crisis that most profoundly affected those with the least education—in January, 2011 the unemployment rate among individuals without a high school diploma was more than three times the rate of those with a bachelor's degree or higher<sup>1</sup>—states must view education reform as a key strategy for strengthening the economy. Improving educational outcomes creates a wave of economic benefits that include boosting individual earnings, home and auto

sales, job and economic growth, spending and investment, and tax revenue in the state. Investing in turning dropouts into graduates will benefit *all* citizens, including bankers, auto dealers, realtors, and storeowners, not simply students or parents with children in school.

Nationally, more than seven thousand students become dropouts every school day, adding up to over one million students annually who will not graduate from high school with their peers.<sup>2</sup> In addition to the moral imperative to provide every student with an equal opportunity to pursue the American dream, our nation's economic security now requires many more students to graduate from high school. In this knowledge-based economy of the twenty-first century, all students need additional education after high school if they are to secure good-paying jobs that can support themselves and a family.

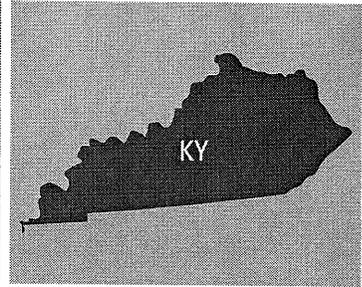
**To demonstrate the connection between improved educational outcomes and economic gains, the Alliance presents on the following page the economic benefits that would likely occur if half of Kentucky's nongraduates from the Class of 2010 had graduated with their high school class.**

<sup>1</sup> U.S. Department of Labor, Bureau of Labor Statistics "Table A-4: Employment Status of the Civilian Population 25 Years and Over by Educational Attainment," (Washington, DC; Author, February 2011), <http://www.bls.gov/news.release/empsit.t04.htm> (accessed March 7, 2011).

<sup>2</sup> Alliance for Excellent Education analysis of Editorial Projects in Education, "Diplomas Count 2010: Graduation by the Numbers: Putting Data to Work for Student Success," special issue, *Education Week* 29, no. 34 (2010).

# Education and the Economy:

## Boosting Kentucky's Economy by Improving High School Graduation Rates



In Kentucky, an estimated 16,200 students dropped out from the Class of 2010 at great costs to themselves and to their communities. Cutting that number of dropouts in half for this single high school class could result in tremendous economic benefits to the state. Below are the contributions<sup>3</sup> that these 8,100 "new graduates" would likely make to Kentucky's economy:

	<b>\$86 Million in Increased Earnings</b>	Collectively, this single class of new graduates would likely earn as much as <b>\$86 million</b> more in an average year compared to their likely earnings without a high school diploma.
	<b>\$66 Million in Increased Spending; \$20 Million in Increased Investments</b>	New graduates' increased earnings, combined, would likely allow them to spend an additional <b>\$66 million</b> and invest an additional <b>\$20 million</b> during an average year.
	<b>\$169 Million in Increased Home Sales; \$8.2 Million in Increased Auto Sales</b>	By the midpoint of their careers, these new graduates, combined, would likely purchase homes totaling in value of as much as <b>\$169 million</b> more than what they otherwise would have spent without a diploma. In addition, they would likely spend up to an additional <b>\$8.2 million</b> in vehicle purchases during an average year.
	<b>600 New Jobs; \$102 Million in Economic Growth</b>	The additional spending and investments by these new graduates, combined, would be enough to support as many as <b>600</b> new jobs and increase the gross state product by as much as <b>\$102 million</b> by the time they reach their career midpoints.
	<b>\$7.5 Million in Increased Tax Revenue</b>	As a result of increased wages and higher levels of spending, state tax revenues would likely grow by as much as <b>\$7.5 million</b> during an average year.
	<b>Increased Human Capital</b>	After earning a high school diploma, 36% of these new graduates would likely continue on to pursue some type of postsecondary education, but only <b>1,700</b> students, or 21% of all new graduates, are expected to complete their studies. Boosting the share of new high school graduates who complete postsecondary programs to 60%—President Obama's goal for the nation <sup>4</sup> —would increase the number of postsecondary graduates to <b>4,800</b> .

### Every Student Counts in Kentucky

Moving even one student from dropout status to graduate status will contribute to a state's economic growth. This box offers a scaled-down look at the figures presented on the left by projecting the likely benefits if just 1,000 dropouts in the state had graduated from high school. These 1,000 new graduates, combined, would likely

- earn \$11 million in additional earnings in an average year;
- spend an additional \$1 million each year purchasing vehicles and, by the time they reach the midpoint of their careers, buy homes worth \$21 million more than what they would likely have spent without a diploma; and
- support 70 new jobs in the state, increase the gross state product by \$13 million, and pour an additional \$900,000 annually into state coffers, all through their increased spending and investments.

### About Education in Kentucky

- Kentucky is home to 215 high schools; 22 of these are considered among the nation's lowest-performing high schools (i.e., schools where fewer than 60 percent of freshmen progress to their senior year on time).
- In Kentucky, 28 percent of high school students do not graduate from high school on time with a regular diploma.
- Similar information will be available in spring 2011 for the Louisville-Jefferson County metropolitan statistical area.

<sup>3</sup> These figures represent rounded estimates of gross benefits to the state economy and are not intended to reflect the net impact of additional graduates.

<sup>4</sup> President Obama's goal to increase the postsecondary attainment rate among young Americans to 60 percent in order to lead the world in the share of the population with a higher education degree has been stated in numerous instances, including the U.S. Department of Education's National Technology Plan and U.S. Secretary of Education Arne Duncan's remarks on June 3, 2010 at North Carolina Central University.